



# MEMORANDUM

Project Development

DATE: April 9, 2004

TO: Region Directors, Project Managers, PreConstruction Engineers

FROM: Jim McMinimee - Director, Project Development

SUBJECT: Unit Bid Prices

Over the past several months the price of steel has been steadily and dramatically increasing. As a result, the Average Unit Bid Prices in the Engineer's Estimate module of PDBS are not accurately predicting the costs of these items. Effective immediately, Central Construction will override the bid averaging algorithms in PDBS and manually set the prices for steel as follows:

Reinforcing Steel: \$0.96 / lb

Structural Steel: \$1.20 / lb

These prices reflect feedback from our industry partners and represent the current costs for steel. If prices continue to increase, we will again override PDBS.

Additionally, Fuel prices and the prices for Wood Products have been rising. We do not have Unit Bid Prices for these items; rather, these costs are incorporated in other bid items such as Roadway Ex, Granular Borrow, Asphalt, Structural Concrete (forming), etc. As you are preparing your Engineer's Estimates, please take these increases into account and adjust your Unit Costs accordingly.

Please use these new Unit Prices when preparing the Engineer's Estimate for all projects. On projects that have not yet bid, it is possible that these increases will drive the project estimate over the Commission Approved Amount. If this happens, please contact your Region Director immediately.

Over the past several years, UDOT's Engineer's Estimates have tended to be significantly higher than the low bids. For several months now, this difference has been lessening to the point that, today, the low bids are exceeding our Engineer's Estimates on a regular basis. This can lead to delays in awarding projects and, in some cases, may cause us to cancel a project if we cannot afford the increased price. **In order to avoid these surprises at bid opening, it is very important that designers choose conservative Unit Prices when developing their Engineer's Estimates.**